

Sanitized - Approved For Release : CIA-RDP62-00680R000100210002-3

~~SECRET~~

4 December 1959

MEMORANDUM FOR: Assistant Director, Research and Reports

FROM : Chief, Intelligence Information Staff, ORR

SUBJECT : A Preliminary Review of the Exchanges of Particular Interest to ORR in the US-USSR Exchange Agreement for 1960-61.

REFERENCES : The US-USSR Exchange Agreement for 1960-61; Memorandum of 15 September 1959, ORR Priority Interests in the Fields of Industry and Transport, Construction, and Agriculture.

1. A significant amount of effort has been exerted over the past few months in specifically defining ORR interests in the fields of industry and transport, trade and economics, construction, agriculture and geography in the US-USSR Exchange Agreement for 1960-61. Now that the new agreement has been signed by the duly-authorized representatives of both countries, the following preliminary review of the new agreement is presented to outline the extent that the efforts of this Office have been rewarded and to assess the prospects for an intelligence return for certain exchanges.

2. The following preliminary observations are submitted regarding those sections of the new agreement of primary interest to ORR:

a. Geographers Exchange - The new agreement provides for an exchange "of four to six persons for three to four weeks with a program to be agreed upon by appropriate organizations." The acceptance of this exchange by the Soviet Union is considered an initial advance for the US, and, assuming a satisfactory itinerary, is considered ~~25X1X4~~ to [REDACTED]

b. Trade and Economics - Though not specified in this section of the new agreement, an exchange of economists is in process at the present time with a US delegation scheduled to depart for the USSR in June 1960. Further exchanges of economists are expected under Section 1, paragraph 2 of the new agreement which states the following:

"the visits and exchanges enumerated in the following sections are not intended to be exclusive of others which may be arranged by the two countries or undertaken by their organizations private citizens."

4 DEC 1959

Sanitized - Approved For Release : CIA-RDP62-00680R000100210002-3

~~SECRET~~

~~SECRET~~  
-2-

Also in the general field of economics, the new agreement provides for a US delegation of five to six persons to visit the USSR for from three to four weeks in the field of management practices. Assuming a satisfactory itinerary and the opportunity to brief the management delegation, an intelligence gain could be realized.

c. Industry and Transport Exchanges - The section entitled Industry and Transport in the new agreement lists eight exchanges as follows:

- (1) Automobile Industry
- (2) Aluminum Industry
- (3) Civil Air Transport
- (4) Shipping
- (5) Petroleum Industry
- (6) Highways
- (7) Liquified Natural Gas
- (8) Railways

The Railways Exchange, a number one US priority, contains the following wording: "Railways, Diesel Electric and Electric Rolling Stock: Operations and Maintenance." This wording was accepted by the US negotiators against the advice of the intelligence specialists. The US negotiators have an informal understanding with the Soviets that the exchange will cover all railway operations including signal, communication and switching systems and high density traffic. Because this informal understanding was not written into the formal agreement, the itinerary negotiations will probably be crucial.

In the Aluminum Industry Exchange, a definite US gain was made by the inclusion of the "mining and processing of aluminous ores (bauxite and nepheline) and manufacture of alumina." On the other hand, the Shipbuilding proposal, which was sandwiched into the Soviet-proposed Shipping exchange, was lost in the negotiations. The US negotiators were unable to introduce both the second-priority Flourine Chemical Exchange and the Ferroalloys Exchange. The Petroleum Industry Exchange is considered a gain insofar as the wording specifies a survey "of three to four oil and gas fields and three to four refineries." Despite the fact that the wording of the Highways Exchange is not exactly as ORR had recommended, it appears, nonetheless, adequate to cover our interests. The Liquified Natural Gas Exchange can also be considered as a net intelligence gain to the US since any exchange in this field was evaluated as a net gain. Despite the fact that few details are now available concerning the Civil Air Transport Exchange, it is believed that some gain will accrue to the US. The Automobile Industry Exchange was proposed by the Soviets and holds little of intelligence value for the US.

~~SECRET~~

-3-

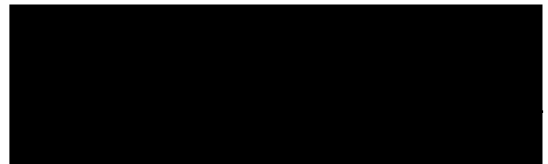
d. Construction Exchanges - The final wording of the Cement Industry Exchange incorporated the "general technology of production" and the "production and processing of stone, crushed stone, gravel and sand" as the ORR specialists had recommended. This was likewise true of the Mechanization in Construction wording which includes "the use of various types of construction machines, equipment... (and) techniques and equipment in tunneling and mine-shaft sinking work." In addition, the acceptance by the US of an exchange "in the field of construction of large-span pillarless industrial buildings," which was undesirable to this Office, was upon the condition that the Soviets provide an "appropriate exchange for the US side." This maneuver leaves the US in a good position to bargain for another exchange of intelligence potential.

e. Agricultural Exchanges - A possibility of some intelligence gain in the agricultural field may now exist due to the fact that the new agreement includes exchanges for the US side in the "handling, storage, and transportation of grain" and "forage crops and range management" which previously were recommended by this Office. (See referenced memorandum.)

3. From the point of view of this Office, the new exchange agreement represents, as indicated above, both substantial gains and some losses. Exchanges in the following fields are believed to provide substantial intelligence potential to the US: geography, economics, construction, railways, civil air transport, aluminum, petroleum, highways, and liquified natural gas. The degree of success achieved in the new agreement as evidenced by the above exchanges is to a substantial degree the result of the support given by this Office to the exchange program as a whole and the recent negotiations in particular.

4. The Intelligence Information Staff will continue to follow each exchange as it develops and provide all pertinent information to the appropriate components of ORR in order that full exploitation of each exchange may be facilitated.

25X1A9a



Distribution:

2 - Addressee	1 - D/3
1 - SA/RR	1 - D/M
1 - Ch/E	1 - St/FM
1 - Ch/G	1 - D/GG
1 - D/A	1 - D/GL
1 - D/I	1 - D/GC

25X1A9a

cks:St/I/R:4757:2 Dec 59